



**CALIFORNIA
HIGH-SPEED RAIL
AUTHORITY**

BRIEFING: JUNE 2, 2011 BOARD MEETING
AGENDA ITEM #3

TO: Chairman Pringle and Board Members

FROM: Jeffrey M. Barker, Deputy Director

DATE: May 26, 2011

RE: Legislative Update

Purpose

To update the Board on proposed legislation relevant to the high-speed rail project, and major changes to those bills that has occurred since the May 2011 presentation to the Board.

Background/Summary

There were approximately 30 bills introduced this legislative session directly affecting the high-speed rail project. On March 3, 2011, the Board voted to take an official position on seven of those bills and to monitor the remaining bills. On May 4, 2011, the Board voted to take a position on an additional two bills. A summary of those positions is as follows:

AB 41 (Hill) re: conflicts of interest: Support
AB 58 (Galgiani) re: Authority staffing: Support
AB 76 (Harkey) re: reducing Prop 1A bond funds: Oppose
AB 615 (B. Lowenthal) re: property acquisition: Support
AB 292 (Galgiani) re: agricultural working group: Support
AB 1077 (Carter) re: Allensworth State Park: Oppose Unless Amended
SB 22 (LaMalfa) re: reducing Prop 1A bond funds: Oppose
SB 50 (Correa) re: conflicts of interest: Support
SB 517 (A. Lowenthal) re: Authority governance/re-organization: Oppose

Friday, June 3 – the day following the Authority's Board's June meeting – is the date by which all bills must be passed out of their house of origin.

Below, the relevant pieces of legislation are categorized as follows : First, bills that the Board has taken a position on; secondly, updates to the remaining bills we are monitoring.

NOTE: This document reflects legislation as of midday Thursday, May 26. As appropriations committees have May 26 (Senate) and May 27 (Assembly) deadlines, Authority staff will update the Board at the meeting on relevant changes to the status of bills scheduled to be heard in their appropriations committees.

Bills With Formal Board Positions

The following shows the status of bills on which the Board has voted to take a formal position.

AB 41 (Hill)

Summary: Would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Official Board Position: Support

Status: In Senate policy committee.

AB 58 (Galgiani)

Summary: This bill would authorize the Governor, upon the recommendation of the executive director, to appoint up to 6 additional authority officers, exempt from civil service, who would serve in specified positions at the pleasure of the executive director.

Official Board Position: Support

Status: Because this language was included in the budget, the author is not moving this bill.

AB 76 (Harkey)

Summary: This bill would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

Official Board Position: Oppose

Status: This bill died April 25 in the Assembly Transportation Committee on a 4-9 vote.

AB 292 (Galgiani)

Summary: This bill would require the Authority to appoint an agricultural advisory committee with an unspecified number of members. The bill would require the Authority to consult with the committee and to reflect the committee's comments on Authority policies related to agriculture and on any agriculture-related action item brought before the board of the Authority.

Official Board Position: Support

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

AB 615 (Lowenthal)

Summary: This bill would provide to the Authority certain exceptions, authorizations, and exemptions relative to real property like those afforded to Caltrans.

Official Board Position: Support

Update: This bill was double-joined to AB 145, and its language changed to apply to a "Department of High-Speed Trains" – which would be created by AB 145 – rather than to the Authority. AB 145, however, remains in the Assembly Appropriation suspense file.

Status: Passed Assembly Appropriations (12 Ayes, 5 Noes) and is on the Assembly Floor.

AB 1077 (Carter)

Summary: This bill would prohibit a person from developing any of the area within 2½ miles of the boundary of Colonel Allensworth State Historic Park in Tulare County in a manner that would be incompatible with the historic or recreational significance of the park. The bill was amended to give the State Parks and Recreation Commission the authority to determine the compatibility or incompatibility.

Official Board Position: Oppose unless amended

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

SB 22 (LaMalfa)

Summary: This bill mirrors AB 76 (Harkey), and would reduce the amount of general obligation debt authorized pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to the amount contracted as of January 1, 2012.

Official Board Position: Oppose

Status: Failed passage in Senate Transportation (2 Ayes, 6 Noes) but reconsideration was granted

SB 50 (Correa)

Summary: The language of this bill is nearly identical to that of AB 41 (Hill). It would add members of the High-Speed Rail Authority to those specified offices who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Official Board Position: Support

Status: Passed on the Senate floor (Ayes 37. Noes 0).

SB 517 (Lowenthal) (Principal coauthor: Steinberg) (Coauthor: DeSaulnier)

Summary: This bill would place the High-Speed Rail Authority within the Business, Transportation and Housing Agency and would require the members of the authority appointed by the Governor to be appointed with the advice and consent of the Senate. This bill would vacate the membership of the current authority Board and provide for the appointment or reappointment of members as of January 31, 2012; those members would be required to have specified background or experience, as specified.

Official Board Position: Oppose

Status: Was sent by Senate Appropriations on May 26 to the Senate floor

Other Bills Being Monitored

AB 16 (Perea)

Summary: Would require the Authority to make every effort to purchase high-speed train rolling stock and related equipment that are manufactured in California, consistent with federal and state laws.

Status: On Assembly floor

AB31 (Beall)

Summary: Related to land-use planning around high-speed rail stations, this bill would authorize the high-speed rail master plan to include incentives for encouraging investment and coherent growth in the areas surrounding the high-speed rail system in each participating jurisdiction. The bill would also authorize the participating jurisdictions to collaborate with the State Air Resources Board to develop incentives to encourage development while concurrently reducing greenhouse gas emissions, consistent with or pursuant to the California Global Warming Solutions Act of 2006 or another specified provision of law requiring the board to provide greenhouse gas emission reduction targets for the preparation of regional sustainable communities strategies.

Status: Bill died as a result of not moving from policy committee.

AB 133 (Galgiani)

Summary: This bill would require federal funds made available to the state for high-speed rail purposes under the above-referenced federal acts to be available, upon appropriation, for certain work on one or more specified rail corridors approved by the Federal Railroad

Administration, in a manner consistent with certain provisions of, and subject to certain conditions of, the bond act.

Status: Bill died as a result of not moving from policy committee.

AB 145 (Galgiani) (Coauthor: Lowenthal)

Summary: This bill would create the Department of High-Speed Trains within BT&H and transfer certain of the existing powers and responsibilities of the Authority to the department and would specify additional powers and duties of the Authority and department relative to implementation of the high-speed rail project, including the annual submission of a 6-year high-speed train capital improvement program and progress report to the Legislature. The director of the department would be appointed by the Governor, who would serve at the pleasure of the authority, and the Governor would be authorized to appoint up to 10 officers of the department who would be exempt from civil service and serve at the pleasure of the director.

Update: This bill was double-joined to AB 615

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

AB 277 (Galgiani) (Coauthor: Senator Kehoe)

Summary: This bill would require the California Research Bureau, by May 1, 2012, to develop an energy consumption profile that includes a forecast of the power needs of the high-speed rail system and an analysis of any recommendations for identifying a carbon-free baseline power supply for the system. The bureau's work would be done in consultation with the High-Speed Rail Authority, the Federal Railroad Administration, the Public Utilities Commission, the State Energy Resources Conservation and Development Commission, the United States Department of Energy, and the Legislative Analyst's Office.

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

AB 385 (Harkey) (Coauthors: Assembly Members Donnelly, Grove, Hagman, Jones, Logue, Mansoor, Nielsen, and Wagner; Senator La Malfa)

Summary: This bill would require the authority to approve an "investment grade analysis," to be prepared by the State Auditor, and to submit that investment grade analysis to the Director of Finance, a specified peer review group, and the transportation policy and fiscal committees of the Legislature. The analysis would have to address a wide-ranging number of topics, including overall project cost; ridership forecasts, and a ridership study completed by "an independent third party;" the types, locations, and pay range of jobs to be created; anticipated ticket costs, operations costs, and other items over a range of years; etc.

Status: Died in its policy committee on a 5-7 vote.

AB 471 (Lowenthal)

Summary: This bill would create the position of "inspector general" over the high-speed rail project. Previously, the bill tasked the Authority with hiring the position, but has been amended to make the position independent of the Authority. The inspector general would be appointed for a 6-year term by the Governor, subject to confirmation by the Senate. The bill would require the inspector general to report quarterly to the Authority and annually to the Governor and the Legislature.

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

AB 492 (Galgiani)

Summary: This bill would authorize the authority to consider, to the extent permitted by federal and state law, the creation of jobs in California when awarding major contracts or purchasing high-speed trains, as specified.

Status: On Assembly floor

AB 650 (Blumenfield)

Summary: This bill would establish the Blue Ribbon Task Force on Public Transportation for the 21st Century. As introduced, the bill does not mention high-speed rail. It is intended to focus on funding needs for commuter service.

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

AB 845 (Ma)

Summary: This bill relates to the \$950 million in Prop 1A bond funds allocated to regional commuter rail connector services. This bill would require the guidelines adopted by the CTC to determine the funding share for each eligible commuter and urban rail recipient to use the distribution factors gathered from the most current available data in the National Transit Database of the Federal Transit Administration. The bill would require the commission to accept from each eligible recipient a priority list of projects up to the target amount expected to be available for the recipient and would require matching funds provided by the recipient to be from nonstate funds.

Update: Passed Assembly Appropriations on May 18 (17 Ayes, 0 Noes)

Status: On Assembly floor

AB 952 (Jones) (Coauthor: Gordon)

Summary: This bill would prohibit Board members, staff, and consultants from accepting any gifts or from appearing before the Authority on behalf of, or in any way representing before the Authority, any individual or private or public entity for 3 years after termination of the employment or contract relationship with the Authority. The bill is sponsored by the Cities of Palo Alto, Atherton, Menlo Park, and Pico Rivera.

Update: On May 10, this bill was amended to require than any gift to the Authority be approved, in written form, by the state Department of Finance.

Status: On the Assembly floor.

AB 953 (Jones)

Summary: Would require a new ridership study conducted by the Institute of Transportation Studies at the University of California at Berkeley prior to continuation of work on the ongoing environmental documents. This bill would effectively add years to the planning of the high-speed rail system and result in the state having to return federal ARRA dollars.

Status: Bill died after author canceled hearing in committee.

AB 1092 (Lowenthal)

Summary: This bill would require the authority to report biannually to the Legislature beginning March 1, 2012, on the status of the project, including overall progress, the project budget, expenditures to date, a comparison of the current and project work schedule and the baseline schedule contained in the 2009 business plan, project milestones, and other related issues.

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

AB 1164 (Gordon)

Summary: This bill would require that the five gubernatorial appointments to the Authority Board be made with the “advice and consent of the Senate.”

Status: On Assembly floor

AB 1206 (Galgiani)

Summary: This bill would require the authority to describe, and adopt, a “small emerging business enterprise program” as part of contracts to be awarded by the authority relative to development and construction of the high-speed rail system.

Status: Currently in Assembly Appropriations suspense file (must move to the floor by May 27 or it will die)

SB 475 (Wright)

Summary: Would authorize a local governmental agency to enter into an agreement with a private entity for financing for specified types of revenue-generating infrastructure projects, including “commuter or light rail.” Does not directly affect the Authority but could affect local projects related to the high-speed rail project, such as stations.

Status: Passed the Senate (Ayes 26. Noes 4.) and referred to Assembly policy committee

SB 733 (Price)

Summary: The bill contains a requirement for the HSRA to have a strategy for working with the Employment Development Department to ensure that at least 25 percent of the project workforce at each worksite is from the local workforce. The 25 percent requirement may pose a problem if a workforce of necessary size and skill is not available for each worksite. “Local” is defined as “residents of the local workforce development investment area in which the worksite is located.”

Update: In Senate Appropriations set for 5/26/11 hearing

SB 734 (Price)

Summary: This bill would require that the authority, with the assistance of the Department of General Services, prepare a small business, microbusiness, and disabled veteran business outreach and retention plan by July 31, 2012, in order to ensure that the percentage of contracts awarded meets the small business participation goals established by Executive Order S-02-06.

Status: In Senate Appropriations set for 5/26/11 hearing

SB 749 (Steinberg)

Summary: This bill would provide that the members of the authority appointed by the Governor are subject to appointment with the “advice and consent” of the Senate. Language nearly identical to AB 1164 (Gordon).

Status: This bill died as a result of not being moved by its author.

SB 867 (Padilla)

Summary: This bill would create the California Transportation Financing Authority, and authorize that new entity to issue Build California Bonds, the proceeds of which would be used for specified transportation capital improvements, including rail projects. The bill would limit the principal amount of bonds to be issued by the authority under these provisions to \$5 billion over a 5-year period commencing January 1, 2012.

Status: This bill died as a result of not being voted on in committee.